

Message Text

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20

ACTION TRSE-00

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20 STR-08

CEA-02 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01 DRC-01

/169 W

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R 161 ,6Z JAN 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6109

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS PARIS 1353

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: BANK OF FRANCE REMOVES ALL RESERVE REQUIREMENTS ON
NON-RESIDENT DEPOSITS

REF: PARIS 24849, SEPT 20, 1973

1. IN CONJUNCTION WITH A MOVE TO INCREASE RESERVE REQUIREMENTS
ON RESIDENT BANK DEPOSITS FROM 14 TO 16 PERCENT FOR SIGHT DEPOSITS
AND 5 TO 7 PERCENT FOR SAVINGS DEPOSITS, BANK OF FRANCE HAS
ANNOUNCED

COMPLETE REMOVAL OF ALL RESERVE REQUIREMENTS FOR NON-RESIDENT
BANK DEPOSITS. RESERVE REQUIREMENTS FOR NON-RESIDENT DEPOSITS WAS
PREVIOUSLY EQUAL TO DOMESTIC RATES FOR EACH BANK'S LEVEL OF
NON-RESIDENT DEPOSITS ON JANUARY 4, 1973 AND 100 PERCENT ON ALL
ADDITIONAL DEPOSITS. THIS STEP IS TOTAL REVERSAL OF PREVIOUS
POLICY OF DISCOURAGING NON-RESIDENT BANK DEPOSITS TO A POLICY OF
ACTIVE ENCOURAGEMENT.

2. RESERVE REQUIREMENTS AGAINST LOANS OUTSTANDING ALSO CHANGED.
INCREASE IN DEPOSIT RESERVE REQUIREMENTS WAS ACCOMPANIED BY AN
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INCREASE IN THE RESERVE FREE BASE UNSED FOR CALCULATION OF THE
MARGINAL RESERVE REQUIREMENT ON LOANS OUTSTANDING. THE 33 PERCENT
MARGINAL RATE WILL NOW APPLY TO THE INCREASE IN LOANS OUTSTANDING
ABOVE LEVELS EXISTING SEPT 30, 1973, THE PREVIOUS CEILING DATE
WAS JAN 1, 1973. THIS OFFSETTING OF ADDITIONAL DEPOSIT RESERVE
REQUIREMENTS BY INCREASING THE RESERVE FREE BASE ON LOANS OUT-
STANDING WAS ALSO DONE THE LAST TIME DEPOSIT RESERVE REQUIREMENTS
WERE RAISED (PARIS 24349).STONE

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

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Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
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US Department of State
EO Systematic Review
30 JUN 2005

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Review Transfer Date:
Review Withdrawn Fields: n/a
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To: STATE INFO EC BRUSSELS
OECD PARIS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005